

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

May 17, 2001

LB 172

then we have a local option municipal tax that can be as much as 1.5 percent, and then, although it's never been utilized, we have an option for a county sales tax. But that...if you think that's a complex system, to determine whether or not a product is being delivered within the boundaries of a municipality and is subject to the municipal tax, if there is one, if you think that's complex, you might want to visit some other states where they have fragmented use of the state...of the sales tax base into many little splinters. And you have not only municipal sales taxes, but many other optional local taxes, and you have many variations in the rate of the tax, let alone the jurisdictions that collect the tax. So in some states that is really quite complex. In addition you have complexity that results from what some might characterize as "insies" and "outsies", what is subject to tax and what is not subject to tax. In the service area there is far more uniformity because not many services are taxed as a whole in states, and those are not as subject to remote transactions as catalogue sales, so maybe services aren't as large a problem. But certainly the hard goods, products that you see are subject to a considerable amount of variation. One of the areas in which there is a very substantial variation is in the sales taxation of food and food products. In Nebraska, as you all know, if you buy food in a restaurant, you're going to pay sales tax. Of course, you wouldn't buy restaurant food in a...I would say in a...a...on the...on the Internet or in a catalogue, but you can certainly buy food out of the catalogue or on the Internet. You could buy something from Omaha Steaks, for example. And how do you determine whether that is taxable in multiple jurisdictions? Even within the category of food there is a considerable variation about what food is, believe it or not, and it is very difficult in many cases to determine what rate should be applied, because the rates are all generally determined on the place of delivery, and then secondly whether or not the item is, indeed, subject to tax at that point of delivery. Now, there is of course a substantial advancement in our ability to deal with complexity. Those advances have largely taken...been...been brought about by the use of computers and advanced software. So it is...it is easier than it was ten years ago to meet the kind of complex issues that are presented in many...in many states, however, it would still represent a considerable effort to do